

Message Text

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53

ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 OMB-01 STR-04 /064 W

----- 130200

R 081343Z AUG 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2035

INFO AMEMBASSY KUWAIT

USMISSION OECD PARIS

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PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EINV, KU, FR

SUBJECT: FRENCH INCENTIVES TO KUWAITI INVESTMENT

REF: A. STATE 186126; B. KUWAIT 3105; C. PARIS 14805;

D. PARIS 16788; E. PARIS A-335 (1975)

1. EMBASSY HAS CHECKED ALLEGATION MADE REFTEL B, PARA 3 WITH FINANCE MINISTRY OFFICIALS RESPONSIBLE FOR DIRECT INVESTMENT AND FOR INTERNATIONAL TAX QUESTIONS. THUS FAR, (REF. D, PARA. I) THERE HAVE BEEN NO KUWAITI DIRECT INVESTMENTS IN FRANCE AND HENCE REGIONAL DEVELOPMENT POLICIES DO NOT APPLY; LATTER ARE IN ANY CASE OFFERED ON NON DISCRIMINATORY BASIS TO ALL INVESTORS MEETING REQUIRED CRITERIA, WHETHER DOMESTIC OR FOREIGN, PUBLIC OR PRIVATE (REF. E). RATHER, IT HAS ALREADY BEEN REPORTED (REF. C) THAT KUWAITI FINANCIAL PLACEMENTS IN FRANCE WHICH WERE ARRANGED DURING EMIR'S PARIS VISIT WILL BE EXEMPT FROM TAXATION. AS NOTED, THIS IS IN ACCORDANCE WITH FRENCH TAX LEGISLATION AND REGULATIONS WHICH EXEMPT INCOME AND INVESTMENTS BY LIMITED OFFICIAL USE

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FOREIGN STATES FROM TAXATION. THIS EXEMPTION HAS BEEN

GRADUALLY EXTENDED FROM INCOME ON SECURITIES TO INTEREST,
INCOME ON LOANS, ETC., AS SITUATIONS HAVE ARISEN. IN
ALL CASES, HOWEVER, EXEMPTIONS WOULD BE AVAILABLE TO
INVESTMENTS OF SOME KIND BY ANY STATE. WE HAVE FURTHER
BEEN TOLD THAT ENTIRE BODY OF LAWS AND REGULATIONS
CONVERING INVESTMENTS OF FOREIGN STATES WILL BE
CODIFIED AS PART OF SUPPLEMENTARY BUDGET BILL TO BE
PRESENTED IN SEPTEMBER.

2. IF KUWAITIS ARE NOT AWARE OF IT, EMBASSY MIGHT POINT
OUT THAT INVESTMENTS OF ALL KINDS MADE BY FOREIGN STATES
IN U.S. ARE EXEMPT FROM TAXATION UNDER SECTION 892 OF
IRS CODE.
GAMMON

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Message Attributes

Automatic Decaptioning: X
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Concepts: FOREIGN INVESTMENTS, TAX PRIVILEGES
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Draft Date: 08 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Reference: 75 STATE 186126, 75 KUWAIT 3105, 75 PARIS 14805
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Review Exemptions: n/a
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Margaret P. Grafeld
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06 JUL 2006

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